



# Office of the Maine State Treasurer

## Unclaimed Property History and Compliance

Unclaimed Property Holder Seminar

June 20, 2016

*Presented by:*

*Kristi L. Carlow, Deputy State Treasurer*

# Fast Facts – National FY11

- All States, the District of Columbia, Puerto Rico, US Virgin Islands, and three Canadian provinces have UP programs.
- \$2.25B returned to owners as a result of 2.5M claims
- Average claim \$892.
- \$41.7B in assets

# Fast Facts – Maine FY15

- Total unclaimed property in Maine: \$225M
- Total accounts available: 3.2M
- Cash received: \$25.2M
- Average claim amount: \$560
- Largest claim paid: \$483,226

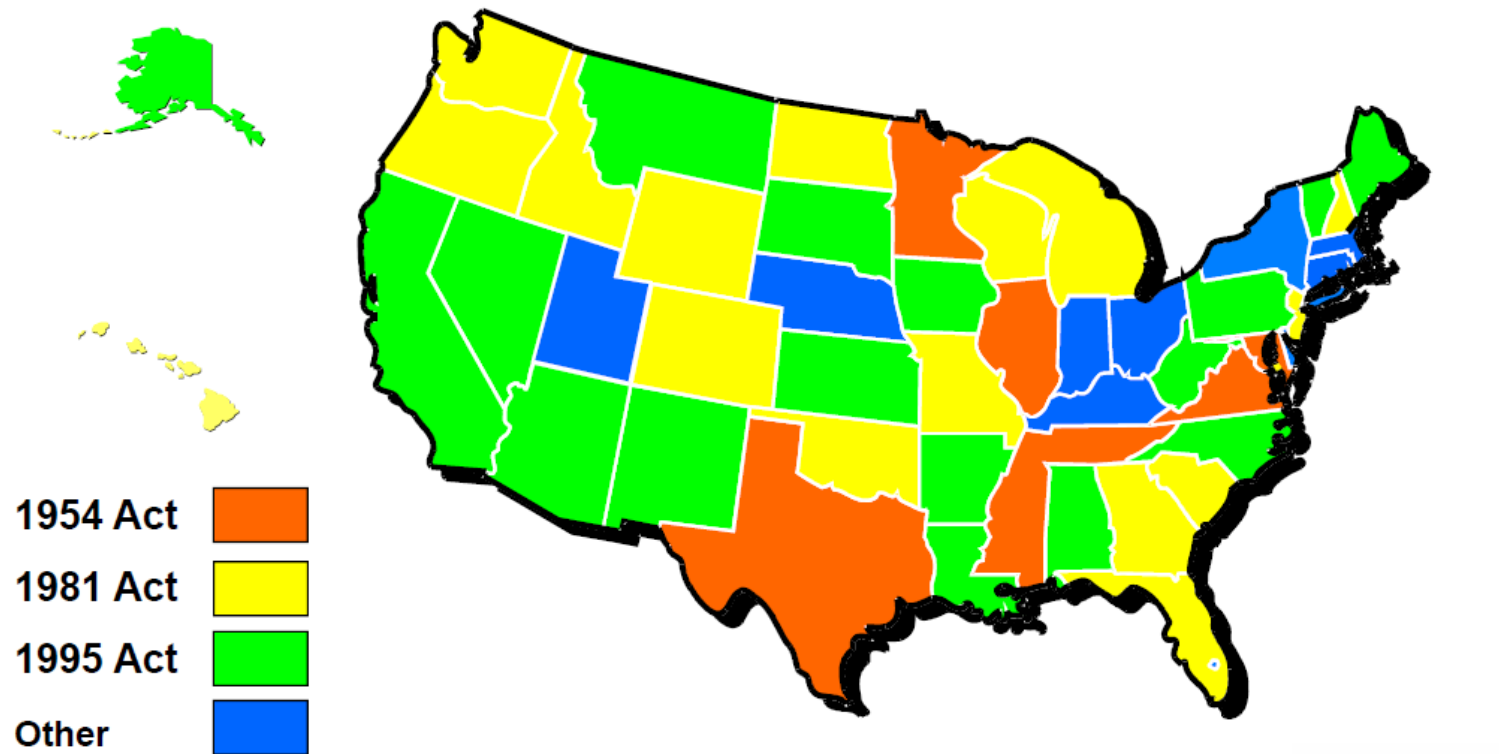
# Overview

- History & Background
- Responsibilities – State & Holders
- Reporting Unclaimed Property
- Ways to File
- Reciprocal Reporting
- Holder Refunds & Amendments
- Voluntary Compliance
- Questions

# History & Background

- Origins in English common law, abandoned land escheated to the King
- Escheat – Traditional (permanent) & Custodial
- Uniform Disposition of Unclaimed Property Act 1954
  - amended in 1966
- Uniform Unclaimed Property Act (UUPA) in 1981
  - amended in 1995 (adopted in Maine in 1998)
  - Currently being amended by Uniform Law Commission

# Unclaimed Property Law



# State's Responsibility

- Assist holders in complying with UP laws
- Return property to the owners
- Safeguard the property until it is claimed by the owner
- Use the property for the benefit of all citizens

# Holder Outreach

- Maine Holder Seminar – FREE!
- Invitation to annual NAST Holder Training
- Mailings – postcards, reminders, etc.
- Website – [www.maine.gov/unclaimed](http://www.maine.gov/unclaimed)

**BEING ACCESSIBLE**



# Owner Outreach

- Website - [www.maine.gov/unclaimed](http://www.maine.gov/unclaimed)
- MissingMoney – [www.missingmoney.com](http://www.missingmoney.com)
- Legislative Lists
- Direct Mail
- Lists to Public Libraries
- Tele-thon & other Media

# How Are UP Funds Used?

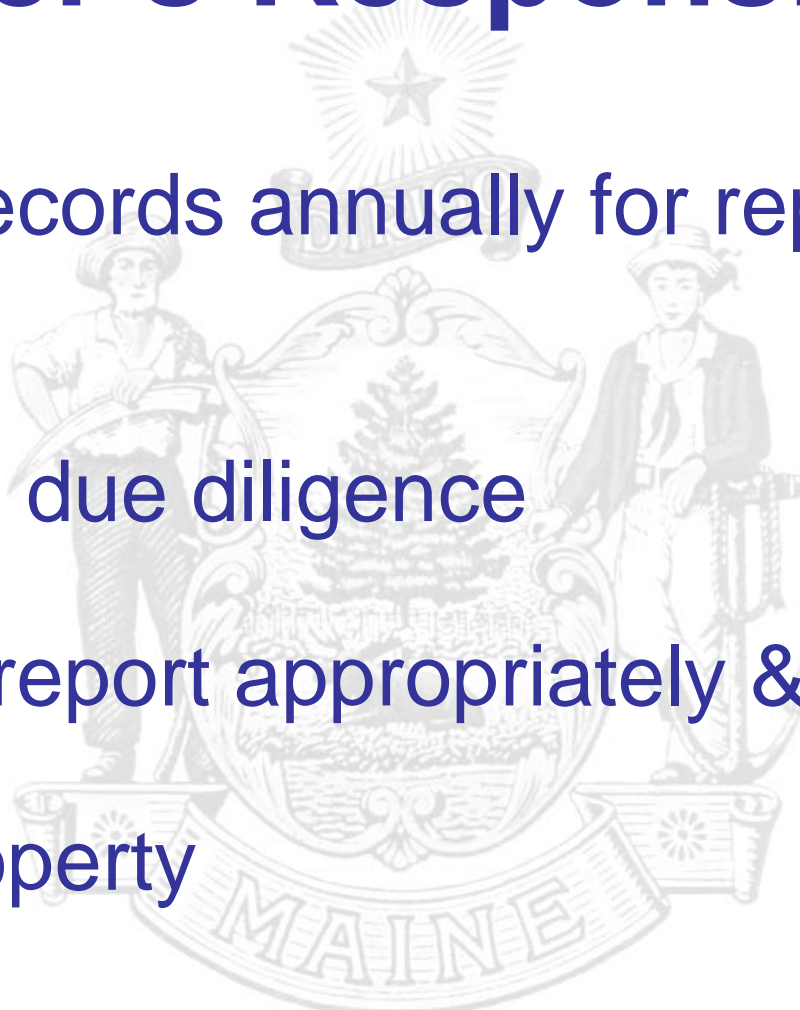
- General fund expenditures – each year the balance in the Unclaimed Property fund is transferred to the General Fund.
- Contingent Liability – even though the balance is transferred, the property is held as a liability forever, or until it is claimed.

# How Much is Returned?

- Owner claims have increased drastically from 3,000 in FY98 to 17,819 in FY12, to 26,934 in FY15.
- The amount returned in FY12 was \$13.7 million and \$15.1M in FY15.

# Holder's Responsibility

- Review records annually for reportable property
- Complete due diligence
- File your report appropriately & timely
- Remit property
- Retain reporting documentation



# Types of Unclaimed Property

- Account balances
- Uncashed Checks
- Court funds
- Insurance
- Bank Accounts\Safe Deposit Boxes
- Gift Obligations
- Securities

# Identify Unclaimed Property

- Property Type & Dormancy Period
  - state specific, see priority rules
- Has there been activity?
- Due diligence if  $\geq \$50$

# Priority Rules

*To be considered when determining if property is unclaimed...*

- **Primary Rule** – State of owner's last known address
- **Secondary Rule** – State in which holder is incorporated when no address, foreign address, or if state of address doesn't require report of that property
- **Transaction Rule** – The state in which the transaction occurred (for travelers checks, money orders, other written instruments)

# What is Activity?

Property is abandoned unless there is activity initiated by the owner:

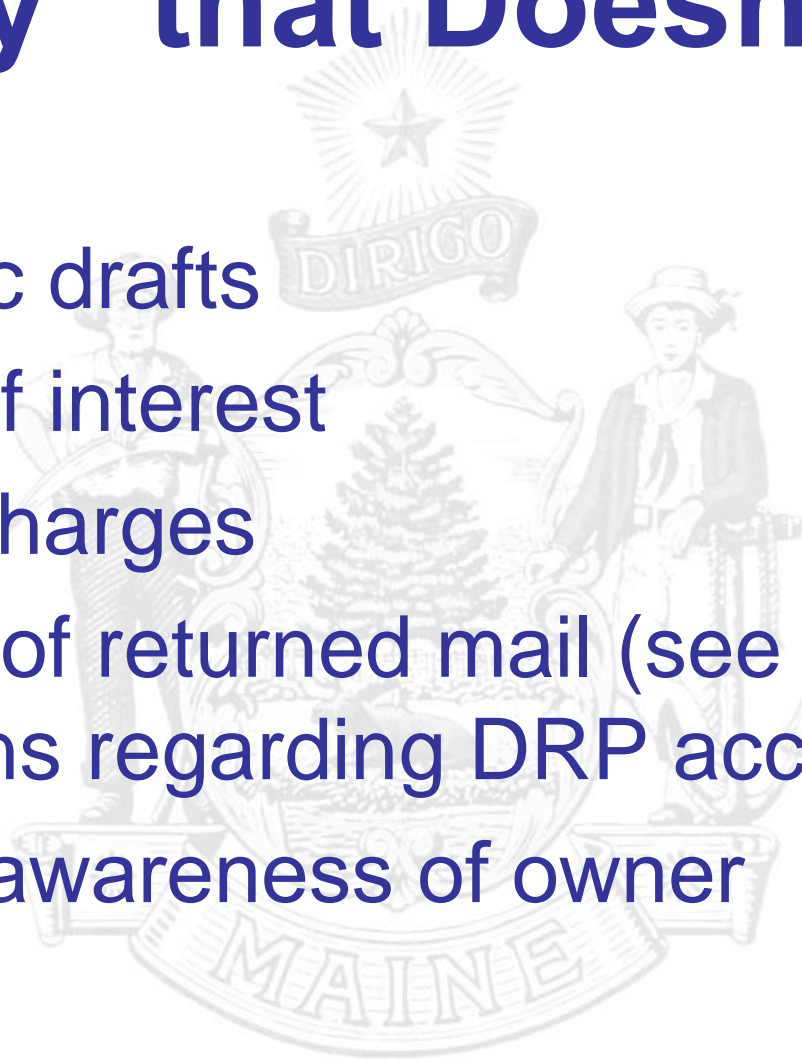
Has the owner:

- increased or decreased the account value?
- sent a letter or other traceable, documented communication?
- visited in person or called (must be documented)?
- generated activity in other accounts with holder?
- accessed the password-protected account online?



# “Activity” that Doesn’t Count

- Automatic drafts
- Posting of interest
- Service charges
- Absence of returned mail (see SEC regulations regarding DRP accounts)
- Holder’s awareness of owner



# Due Diligence Defined

“Due diligence is the degree of effort required by statute that a holder of abandoned property must use to locate the rightful owner of property before the property is remitted to the state.”

# Due Diligence Requirements

Maine law requires the holder of property presumed abandoned to send written notice to the apparent owner, not more than 120 days or less than 60 days before filing the report, if:

- the holder has an address for the owner that the holders records do not disclose to be inaccurate
- the (aggregate) value of the property is \$50.00 or more

# Letters Should Include:

- Information about the property
- Clear instructions on how to claim the property
- Information regarding the remittance of property to the State in the absence of a response

# Property to Report?

## No

- File a Negative Report
  - If incorporated or located in Maine

## Yes

- File an Electronic Report
- Remit the Funds (with verification form if mailing payment)

[www.maine.gov/unclaimed](http://www.maine.gov/unclaimed)

# Ways to File a Report

- UPEXchange (\$)
- HRS Pro (FREE)
- Secure Online Data Entry (<10 items)
- Third Party Reporting Entity

**[www.maine.gov/unclaimed](http://www.maine.gov/unclaimed)**

# Maine Filing Dates

- May 1
  - Life Insurance & Gift Obligations
- November 1
  - All Other Property



# Benefits of Compliance

- Clean accounting – the obligation is removed from the company's books and records forever
- The liability is transferred to the state
- The holder is indemnified
- Good service to YOUR customers



# What is Reciprocal Reporting?

- Most states exchange property on a regular basis if they received that of another state
- Maine sends property to all the other states annually

# Where do I Report?

If you have more than 10 owners or \$1,000 for another state, you **must** report directly to that state. Some states require a direct report regardless of count and amount.



# Filing One Report

If you have less than 10 items with a total value of less than \$1,000, you may report the funds with your Maine report **if the other state(s) allow it.**

# Here's How

## Easy Steps!

1. **Verify with the state of address that it is permissible to report to Maine**
2. **Group owners by state**
3. **Check the dormancy period for the state of last known address & other applicable reporting laws and requirements**

# Filing Your Report - Manual

Submit your file:

1. CD

2. E-mail

- Encrypted File –UPExchange or HRS Pro
- Zix Mail – for unencrypted reports

Submit verification page and remittance!

[up.holderinquiry@maine.gov](mailto:up.holderinquiry@maine.gov)

# Gift Certificates

## Change to Maine Law

***Effective for Gift Certificates sold on or after 12/13/2011.***

If a gift certificate was sold by a single issuer who in the past calendar year sold no more than \$250,000 in face value of gift certificates, the gift certificates **WOULD NOT** be reportable as unclaimed property, but....

**HOLDERS MUST HONOR GIFT CERTIFICATES**

# Holder Refunds & Amendments

**JUST ASK!!**

Forms are available at :

[www.maine.gov/unclaimed](http://www.maine.gov/unclaimed)



# VOLUNTARY COMPLIANCE

- Why use it?
  - To bring your company into compliance with the Unclaimed Property Act.
- What is it?
  - A program that allows holders (banks, businesses, government agencies, etc.) to turn over unclaimed property to the State without fear of interest or penalties.
- Who should take advantage of it?
  - Any holder that has under reported or never reported to the State previously and is not currently being audited.



# Questions

**Angela Hinkley**  
**(207)624-7474**

**[up.holderinquiry@maine.gov](mailto:up.holderinquiry@maine.gov)**

